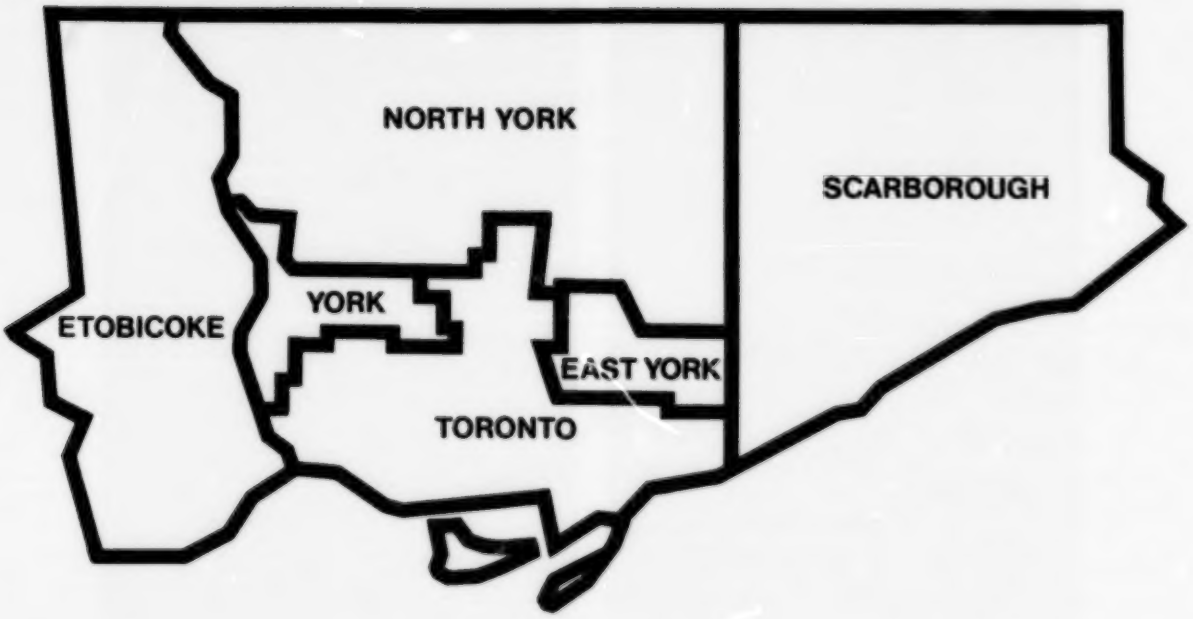
A REPORT OF THE METROPOLITAN TORONTO ADVISORY TASK FORCE ON ASSESSMENT REFORM



IMPLEMENTATION MECHANISMS

DRAFT

METROPOLITAN TORONTO ADVISORY TASK FORCE ON ASSESSMENT REFORM

REPORT OF THE SUB-COMMITTEE ON IMPLEMENTATION MECHANISMS

June, 1987

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1. INTRODUCTION

1.1 Establishment of the Sub-Committee

In October 1986 Metropolitan Council accepted, in principle, the implementation of market value assessment across Metropolitan Toronto. One of the most, if not the most significant impact arising from the proposed implementation of market value assessment throughout Metropolitan Toronto is the effect on taxpayers expecting sizeable increases in property taxes. Members of the Metropolitan Council moved that the implementation of market value assessment in Metropolitan Toronto should be accompanied by some means of tax relief for those taxpayers who would experience substantial increases. During its deliberations, Council agreed that the elderly and low-income residents in particular should be sheltered from any undue hardships resulting from market value assessment and approved the following recommendation:

> "the Area Municipalities be permitted flexibility in terms of phase-in mechanisms and local taxation alternatives (such as variable class mill rates) to minimize the impact on low-income households and to eliminate any possibility of neighbourhood dislocation."

To this end, the Implementation Mechanisms Sub-Committee (the Sub-Committee) was created to examine ways of providing relief to those taxpayers experiencing large property tax increases from the proposed market value assessment program in Metropolitan Toronto. The Sub-Committee consisted of the Treasurers of the six area municipalities, representatives from the Ministry of Municipal Affairs and Metro staff. The membership of the Sub-Committee is contained in Exhibit 1.

1.2 Deliberation of the Sub-Committee

The Sub-Committee met throughout the spring of 1987. As a group, the Sub-Committee sought to deliver an option which would provide the greatest amount of relief to those who would experience the greatest increases. The

EXHIBIT 1

SUB-COMMITTEE ON IMPLEMENTATION MECHANISMS
MEMBERSHIP

David J. Hipgrave	Metro Toronto (Sub-Committee Chairman)

Members Listed in Alphabetical Order

Doug Barnes	Ministry of Municipal Affairs
Tony Brooks	Metro Toronto
Bert Calvert	City of Scarborough
George Clarke	City of Toronto
Robert Davie	City of North York
Richard Field	City of Etobicoke
Lorne Hampson	City of York
Eric Nichols	Borough of East York
Almos Tassonyi	Ministry of Municipal Affairs
Ed Zamparo	Metro Toronto

achievement of this objective, however, was tempered by the prevailing constraints, including any enabling legislation, varying levels of tax relief, any impacts on area municipal general revenues and any potential resistance amongst area municipalities towards sharing their resources. Essentially, these perceived constraints served as a checklist or criteria against which the options were evaluated.

During its deliberations, the Sub-Committee focused its attention on three areas; namely, existing legislation, the experiences of other municipalities and the results of a simulation of the market value impact study provided by the Ministry of Revenue in 1986 and again in 1987. Examination of existing legislation identified the range of measures of assistance that can presently be utilized. Current forms of assistance are discussed in the next section. The review of the experiences of some of the other municipalities in Ontario regarding property tax relief during their implementation of market value assessment helped to acquaint the Sub-Committee with the particular problems of each municipality and with the results of their respective relief programs. Simulations performed on the market value impact study provided Sub-Committee members with the results of selected levels of relief, as outlined later in this report. The findings and any recommendations of the Sub-committee are to be submitted to the Metropolitan Toronto Advisory Task Force on Assessment Reform for its consideration.

2. EXISTING FORMS OF PROPERTY TAX RELIEF

Financial assistance for property taxpayers in Ontario is generally available through four main areas: Ontario Tax Credits/Grants, the Municipal Elderly Residents Assistance Act, private legislation and the Municipal Act. Each area offers some form of relief to specific groups of taxpayers. Under Ontario Tax Credits/Grants, relief is provided to all homeowners and tenants filing an income tax return. The Municipal Elderly Residents Assistance Act and private legislation provide assistance for specific groups such as the elderly or low-income residents. The Municipal Act enables municipalities to provide several forms of tax relief either on a property class or individual taxpayer basis. The particular details of these forms of property tax relief are presented below.

2.1 Ontario Tax Credits/Grants

When filing an income tax return, homeowners and tenants have access to some form of property tax relief under either property tax credits (for non-seniors) or property tax grants (for seniors). The property tax credit/grant was introduced to reduce the regressiveness of the property tax and bring into closer alignment one's property value with one's ability to pay property taxes.

Property Tax Credits: Property tax credits amount to the property taxes paid for the taxation year for homeowners and 20 percent of rental payments for tenants, reduced by two percent of the claimant's taxable income. The tax credit is available only to taxfilers under 65 years of age and is limited to a maximum of $500.[1]

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1. The recent Provincial Budget proposes that the maximum allowable "occupancy cost" used in calculating the Ontario Property Tax Credit be increased from $180 to $230.

Property Tax Grants: The Ontario Government provides annual grants of up to $500 per household to offset municipal and education taxes paid by Ontario residents 65 years of age and over who own or rent their homes. For a homeowner, the grant is the lesser of the amount of the property tax paid on the claimant's principle residence or $500.(1) For a tenant, the grant is the lesser of 20 percent of the rent paid on the claimant's principle residence or $500.

2.2 Municipal Elderly Residents Assistance Act

The Municipal Elderly Residents Assistance Act enables municipalities to enact by-laws which provide assistance. Assistance is generally offered by means of a tax grant to property owners qualifying under established criteria.

Tax Grants: Tax grants provide assistance on an ongoing basis to elderly homeowners in the form of cash payments from municipal general revenues. Through private legislation, by-law(s) have been established which enable various municipalities to provide tax grants and establish the criteria which applicants must satisfy. Some of the criteria set out in such by-laws include: that the owner be 65 years of age or more; that the owner be a resident of the municipality for an identified period of time; and that all taxes be paid. Tax grant assistance requires that the owner be in receipt of financial assistance (i.e. guaranteed income supplement under the Old Age Security Act). In all cases, the amount of the grant is at the discretion of Council and may be altered by by-law. The Cities of Brampton, Burlington, Hamilton and Toronto provide tax grants in varying amounts.

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1. The recent Provincial Budget proposes that the maximum be increased to $600.

2.3 Private Legislation

Throughout Ontario, municipalities have had private legislation enacted by the Legislature for the purpose of providing assistance to specific groups who demonstrate hardship in paying their property tax. Assistance is generally offered in the form of a municipal loan to homeowners who satisfy established criteria.

Municipal Loans: Municipal loans are offered to homeowners and are secured by a lien on the property. The lien is discharged when the property is sold. This form of assistance has the effect of delaying or deferring property tax payments. The enabling by-law identifies the criteria which applicants must satisfy and include: that the owner must be 65 years of age or more; that the owner be a resident of the municipality for a specific period of time; and that the owner be in receipt of financial assistance under General Welfare Assistance Act, Family Benefits Act or Old Age Security Act. The amount of the loan is to be provided on a uniform basis to all qualified applicants. Both the Cities of Etobicoke and North York provide assistance which is based on tax deferrals. The City of Mississauga has a private members bill before the Legislature to introduce similar assistance.

2.4 The Municipal Act

The Municipal Act contains two sections which enable municipalities to provide assistance for the purpose of relieving tax increases. Unlike the property tax credits/grants available under the Income Tax Act and tax grants and municipal loans enacted under the Municipal Elderly Residents Assistance Act and private legislation, Sections 362 and 363 of the Municipal Act are designed to offer relief from increases only in property taxes. However, under Section 496 of the Municipal Act, a municipal council may provide assistance to an individual who is unable to pay taxes because of sickness or extreme poverty.

Section 362: Section 362 of the Municipal Act provides that a municipal council may pass a by-law which places limits on tax increases and decreases resulting from a change in the basis of assessment of properties within the municipality from the previous year. The basis on which the revenue shall be raised to implement these limits is as follows:

- limiting tax decreases on all classes of property;
- limiting tax decreases on properties in one or more classes of property;
- charging the reduction in whole or in part to the general funds of the municipality; or
- a combination of all three methods above.

The amount of tax increase or decrease in taxes to be borne by the taxpayer in the first year of operation of the by-law shall be limited to:

- $50 or such greater amount as may be prescribed by the by-law; or
- 10 percent or such greater percentage as may be prescribed by the by-law.

The amount of tax increase or decrease in excess of these limits shall be phased-in over a period of time not exceeding five years.

Section 363: Section 363 of the Municipal Act provides that a municipal council may pass a by-law to provide for the reduction or refund of taxes in the same year for any person who applies for such relief by reason of an increase in taxes in an amount exceeding 10 percent, or such greater percentage as may be prescribed by the by-law, that results from a different general assessment of properties in the municipality (after 1978). The revenue to offset these reductions or refunds of taxes shall come from the general funds of the municipality. This by-law would be required annually.

Section 496: Under Section 496(e) of the Municipal Act, a municipal council may cancel, reduce or refund the property taxes of an individual who is unable to pay taxes because of sickness or extreme poverty. Section 496 assistance is provided for a one year term and is to be charged to the general funds of the municipality. Applicants must reapply every year in order to receive assistance.

2.5 Selection of Preferred Form of Assistance

Of the existing available forms of property tax assistance, the Sub-Committee sought to explore possible options under Section 362 of the Municipal Act. It would appear that the provisions for relief under Section 362, relative to other forms of tax relief studied, could best accomplish phasing-in the tax impacts on the broadest basis possible.

Although assistance offered under the Municipal Elderly Residents Assistance Act and private legislation provide valuable benefits, such assistance is targetted towards specific groups such as the elderly and those on welfare. Section 363 of the Municipal Act can provide for assistance in situations where the amount of increases, as a result of reassessment, would cause undue hardship to individuals. Ontario's property tax credits/grants will continue to provide relief to homeowners and tenants, but enrichment or enhancement of such programs clearly remains beyond municipal legislative authority and consequently, were not pursued further by the Sub-Committee.

2.6 Phasing-in Feature of Section 362

From the Sub-Committee's viewpoint, the prominent feature of Section 362 is the ability to "phase-in" tax increases and decreases over a number of years. In other words, not all tax increases and decreases would take immediate effect. The amount of eligible tax increase or decrease would be increased annually within the defined phase-in period.

A phasing program attempts to adjust the expenditure pattern of individuals over a limited period of time. It does not commit a municipality to a long term tax relief program. Assistance is extended to all taxpayers experiencing an increase regardless of income or any measure of wealth.

The phasing provision of Section 362 provides two advantages. Firstly, phasing limits the financial impacts on those taxpayers most seriously affected by a reassessment for up to a term of five years. Secondly, under Section 362 a municipal council has the ability to restrict the property classes eligible for phasing to those most severely impacted by a reassessment and to vary the amount eligible for phasing, in order to minimize the financial impact on the general fund of the municipality.

Conversely, the disadvantages related to phasing are basically three-fold. Firstly, phasing-in increases without any reductions in decreases would have to be funded from general revenues. Secondly, phasing would be perceived as discriminatory if properties receiving a reduction in one property class subsidize the phasing of increases in another property class. Thirdly, property owners who have received reductions in assessment may feel that they have been overpaying in the past and are entitled to their full reduction immediately.

In addition, the implementation of a phasing program would require considerable administrative changes to the processing of area municipal tax bills. The cost of staff and computer resources required to adjust tax bills in order to reflect a phasing program would represent a financial impact on the area municipalities. However, the additional administrative cost involved in a phasing program could be spread across the levels of government in Metro Toronto.

Currently, 490 municipalities have been reassessed under the Section 63 market value program since 1979. An additional 114 municipalities have been proclaimed at full market value pursuant to Section 70 of the Assessment Act. To date, two local municipalities have implemented a phasing program under Section 362; namely, the Cities of Brantford and Hamilton, both in 1979.

3. ANALYSIS OF THE SUB-COMMITTEE

3.1 The Phasing Mechanism

The Sub-Committee identified and reviewed six options which are possible under the phasing provisions of Section 362 of the Municipal Act. The options considered are essentially six variations of the one phasing mechanism developed for the implementation of market value assessment in Metro Toronto. The mechanism consists of four variables:

- a defined period of time
- a ceiling or cap on tax increases
- differential treatment of property classes
- geographical application

The defined period of time for the phase-in program is set at three years because market values are to be updated every four years. The phase-in program would, therefore, be completed in time for the first update. The ceiling or cap on tax increases is set at 25 percent. The amount of 25 percent was selected by the City of Toronto Assessment Reform Working Group in its analysis of market value assessment and was also introduced during Metro Council's debate on market value assessment in June of 1986. Both the time and ceiling variables were held constant throughout the Sub-Committee analysis. In addition, tax decreases would be used to offset tax increases because this would minimize the financial burden experienced by either Metro Toronto, the six area municipalities, the Metropolitan Toronto School Board or the Metropolitan Separate School Board in any effort to offset increases. The Sub-Committee tested six combinations of the remaining two variables -differential treatment of property classes and geographical application - to generate the six options considered by the Sub-Committee. The adjustments to the two variables and their related options are illustrated in Exhibit 2.

EXHIBIT 2

CHANGING PHASING MECHANISM VARIABLES AND CORRESPONDING OPTIONS

GEOGRAPHICAL APPLICATION	PROPERTY CLASSES		
	SAME CLASS	ACROSS ALL CLASSES	SELECTED CLASSES
BY AREA MUNICIPALITY	OPTION 1	OPTION 3	OPTION 5
ACROSS METRO TORONTO	OPTION 2	OPTION 4	OPTION 6

In the first year of implementation, taxpayers facing increases would absorb up to 25 percent of their increase from the previous year. Increases greater than 25 percent in individual or aggregated property classes (depending on the option selected) are phased-in by means of pooling the tax reductions within either the same or across different property classes (depending on option selected) in either the same area municipality or across Metro Toronto (depending on option selected).

In the second year of the phase-in program, taxpayers would absorb up to 50 percent of the original increase. Increases greater than 50 percent are phased-in as explained above. In the third year, 75 percent of the increase is absorbed by the taxpayers. By the fourth year, the phase-in program would be complete and taxpayers would be paying their full increases or would have fully realized their decreases.

3.2 Options Considered by Sub-Committee

The six options considered by the Sub-Committee are graphically represented in Exhibit 3 and are described below. In addition, the results of the simulation of decreases offsetting increases under each of the six options provided in Tables 1 through 6. Variations within the six options considered are also possible. For example, in Options 5 and 6, increases above 25 percent in all classes could be offset by decreases in class 3 only instead of both classes 3 and 4 as presented in this report.

3.2.1 Option 1 - Decreases Offset Increases Above 25% Within Same Property Class by Area Municipality

Under this option, tax increases greater than 25 percent in each property class in each area municipality would be phased-in by means of reducing the expected decreases in the same property class in each area municipality. The estimated amount of decrease in taxes remaining in each property class in each area municipality, as a result of offsetting increases greater than 25 percent in the first year, is summarized in Table 1.

EXHIBIT 3

OPTIONS FOR PHASING-IN INCREASES AND DECREASES

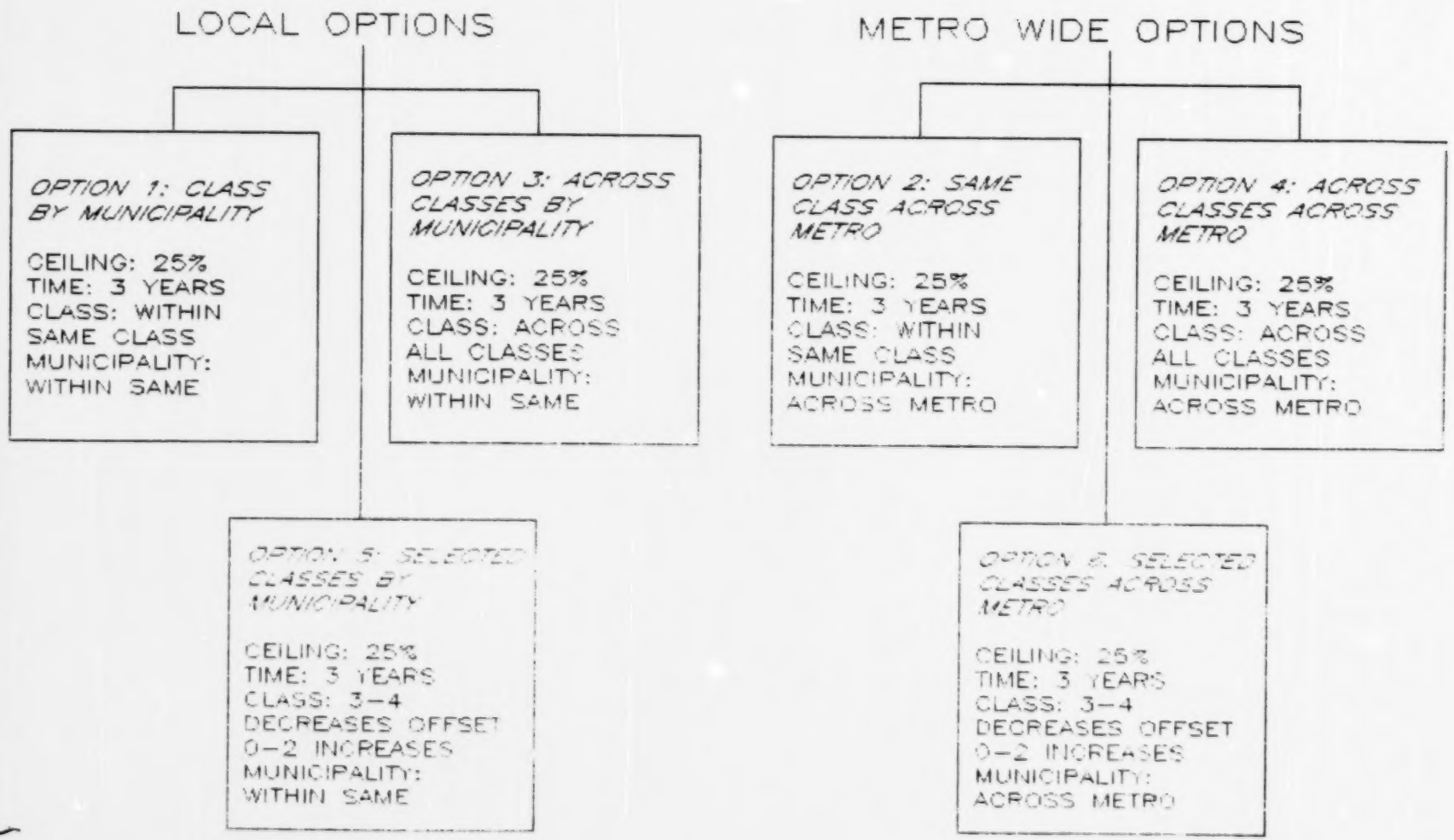

Table 1

Option 1 - Percent of Tax Decreases Remaining After Offsetting Increases Above 25% Within Same Property Classes by Area Municipality

	Class 0 %	Class 1 %	Class 2 %	Class 3 %	Class 4 %
Toronto	11.8	10.1	0.0	0.0	0.0
North York	83.2	78.2	80.0	53.7	35.9
Etobicoke	92.1	83.5	82.3	66.9	63.9
Scarborough	64.7	49.0	76.9	49.9	88.8
York	94.5	83.1	84.7	68.8	77.0
East York	92.3	84.1	85.3	63.9	74.1

This option allows area municipalities to "localize" assistance, that is, to offset increases experienced by a certain class of taxpayer with the reductions from within the very same property class. Assistance would, therefore, be provided from among similar properties within the same area municipality. This option requires different amounts of assistance for each property class in each area municipality. Each property class experiences different amounts of increases and decreases, both in dollars and number of properties. Toronto, which experiences the largest overall increase, would have a lesser amount of decreases available to offset increases. Area municipalities with insufficient amounts of available reductions to offset increases may have to increase the ceiling for those particular property classes.

3.2.2 Option 2 - Decreases Offset Increases Above 25% Within Same Property Class Across Metro Toronto

This option provides for increases greater than 25 percent in each property class across Metro Toronto to be phased-in by means of reducing the expected decreases in each property class across Metro Toronto. The estimated amount of decrease in taxes remaining in each class across Metro Toronto, as a result of offsetting increases greater than 25 percent in the first year, is summarized in Table 2.

Table 2

Option 2 - Percent of Tax Decreases Remaining After Offsetting Increases Above 25% Within Same Property Class Across Metro Toronto

	Class 0 %	Class 1 %	Class 2 %	Class 3 %	Class 4 %
Metro Toronto	67.0	44.4	56.4	21.6	40.4

Under this option, Toronto, which has the greatest amount of increases, would benefit from the availability of larger amounts of reductions in each property class in other municipalities to offset its increases. Conversely, the remaining area municipalities would be subsidizing the phase-in program in other area municipalities under this option, in addition to that of their own. Single family residential taxpayers in Etobicoke, for example, would be helping to offset increases in similar properties in Scarborough.

3.2.3 Option 3 - Decreases Offset Increases Above 25% Across Property Classes Within Area Municipalities

This option phases-in increases greater than 25 percent across all property classes throughout each area municipality by means of reducing the expected decreases in all property classes collectively in each area municipality. The estimated amount of decrease in taxes remaining in each area municipality, as a result of offsetting increases greater than 25 percent in the first year, is summarized in Table 3.

Table 3

Option 3 - Percent of Tax Decreases Remaining After Offsetting Increases Above 25% Across Property Classes Within Area Municipalities

	All Classes
	%
Toronto	0.0
North York	61.1
Etobicoke	74.0
Scarborough	62.2
York	83.1
East York	80.1

Similar to Option 1, this option permits area municipalities to provide assistance to their own taxpayers, thus making the process of phasing-in more accountable within each area municipality. Under this option, however, the pooling of reductions across all property classes means that residential property class decreases would be used to help offset increases experienced by commercial and industrial properties. Placing the burden of assisting commercial and industrial properties on residential taxpayers is not acceptable in terms of the latter's relatively lower ability to pay.

3.2.4 Option 4 - Decreases Offset Increases Above 25% Across Property Classes Across Metro Toronto

This option provides for the phasing of increases greater than 25 percent across all property classes throughout Metro Toronto by means of reducing the expected decreases across all property classes throughout Metro Toronto. The estimated amount of decrease in taxes remaining across Metro Toronto, as a result of offsetting increases greater than 25 percent in the first year, is summarized in Table 4.

Table 4

Option 4 - Percent of Tax Decreases Remaining After Offsetting Increases Above 25% Across Property Classes Across Metro Toronto

	All Classes
	%
Metro Toronto	37.6

This option provides Metro Toronto with the opportunity to redistribute more decreases to those area municipalities facing the greatest increases, such as Toronto. However, this option shares the inherent problem of Option 3, where residential taxpayers are burdened with having to provide assistance to commercial and industrial properties. This problem is further compounded by the fact that residential taxpayers in one area municipality would be helping to provide relief to commercial and industrial properties in another area municipality.

3.2.5 Option 5 - Decreases in Commercial/Industrial Property Classes Offset Increases Above 25% in Residential Classes by Area Municipality

Under this option, increases greater than 25 percent in property classes 0, 1 and 2 (i.e. residential classes) in each area municipality would be phased-in by means of reducing the expected decreases in property classes 3 and 4 (i.e. commercial and industrial classes) in each area municipality. Decreases in classes 0, 1 and 2 and increases in classes 3 and 4 would be implemented without any phasing. The estimated amount of decrease in taxes remaining in classes 3 and 4 in each area municipality, as a result of offsetting increases greater than 25 percent in classes 0,1 and 2 in the first year, is summarized in Table 5.

Table 5

Option 5 - Percent of Tax Decreases Remaining in Commercial/Industrial Property Classes After Offsetting Increases Above 25% in Residential Classes by Area Municipality

	Classes 3 and 4
	%
Toronto	78.2
North York	89.5
Etobicoke	94.1
Scarborough	74.7
York	85.9
East York	84.4

This option has the advantage of immediately allocating tax decreases to residential taxpayers and provides assistance to residential taxpayers facing increases by shifting the onus onto commercial and industrial properties within the same area municipality. It would appear that the commercial and

industrial property owners ability to pay can sustain the required assistance for residential properties over a three-year phase-in period. Although the Municipal Act provides for preferential treatment of property classes, as is the case under this option, this may be viewed as a discriminatory practice against commercial and industrial property owners. However, the phase-in program would only require three years to complete and should not seriously hamper the existing competitiveness of the area municipalities in terms of commercial/industrial tax rates.

3.2.6 Option 6 - Decreases in Commercial/Industrial Classes Offset Increases Above 25% in Residential Classes Across Metro Toronto

This option provides for the phase-in of increases greater than 25 percent in classes 0, 1 and 2 (i.e. residential classes) across Metro Toronto, by means of reducing the expected decreases in classes 3 and 4 (i.e. commercial and industrial classes) across Metro Toronto. Decreases in classes 0, 1 and 2 and increases in classes 3 and 4 would be permitted wihtout phasing. The estimated amount of decrease in taxes remaining in classes 3 and 4 across Metro Toronto, as a result of offsetting increases greater than 25 percent in classes 0, 1 and 2 in the first year, is summarized in Table 6.

Table 6

Option 6 - Percent of Tax Decreases Remaining in Commercial/Industrial Property Classes After Offsetting Increases Above 25% in Residential Classes Across Metro Toronto

	Classes 3 and 4
	%
Metro Toronto	83.0

This option entails the redistribution of tax decreases over a broader base than option 5. The use of tax decreases from classes 3 and 4 across Metro Toronto provides a greater amount for Toronto to offset its residential increases. Similar to Options 2 and 4, this option is disadvantaged by the requirement that tax decreases be pooled across area municipal boundaries.

3.3 Other Phasing-in Issues

In addition to determining whether a phase-in program is best implemented on a local area municipal or Metro wide basis, the issues of levels of assistance (i.e. levels of allowable increases) and the amount of time over which assistance is offered must be considered.

3.3.1 Phasing-in On An Area Municipal or Metro Wide Basis

After considering each of the six options providing tax relief, the Sub-Committee is of the view that those options whch provide relief on an area municipal basis - Options 1, 3 and 5 - offer more advantages than their Metro wide counterparts - Options 2, 4 and 6. The provision of relief by area municipality clearly identifies where relief is originating and where it will be used. This avoids local taxpayer opposition towards using tax decreases in one area municipality to relieve tax increases in another.

Providing area municipalities with the opportunity to provide their own phasing programs maintains the flexibility for area municipalities established by the Advisory Task Force under the proposed variable class mill rate option. The Sub-Committee recognizes that phasing relief offered on an area municipality basis does not provide each area municipality with as much assistance, by way of the amount of decreases, as available under the Metro wide options. However, the Sub-Committee believed that this might be a necessary compromise in order to enable area municipal councils to deal with phasing-in the effects of market value implementation as they see fit.

3.3.2 Different Limits on Increases and Decreases

The six options presented above use 25% as the limit on tax increases allowed and fund the increases above this ceiling by a proportionate reduction of all decreases. The City of Hamilton used a slightly different mechanism of phasing-in than the model presented above. Ceilings on increases were funded by limiting decreases to a certain percentage rather than by a proportionate reduction of all decreases. Appendix A presents the amount of increases and decreases identified in the Ministry of Revenue tax impact study by selected percentages for each area municipality and for all of Metro Toronto. Area municipalities would have to balance the amounts of the percentage increases allowed against the amounts available by percentage decrease. For example, Scarborough could limit increases in all residential property classes to 15 percent and offset these increases with decreases in commercial and industrial property classes limited to 20 percent. Each area municipality could apply whichever option that provides the greatest amount of assistance to whichever property class(es) targetted by Council and creating the least financial burden to the area municipality.

3.3.3 Assistance on Continued Basis

The six options reviewed involve the phasing in of tax increases with the assistance of decreases over a three-year period. Section 362 identifies a maximum phase-in period of five years. However, the necessary legislation should be introduced to give area municipalities the option of providing a fixed level of assistance, as identified by area councils (e.g. increases capped at 25 percent), on a continued basis, or until such time that council decides to reduce or terminate such assistance. This form of assistance will ensure that taxpayers facing increases will never experience their full effect. Conversely, those taxpayers receiving reductions in their taxes never fully realize them.

The Sub-Committee on Implementation Mechanisms, therefore, recommends to the Metropolitan Toronto Advisory Task Force on Assessment Reform that:

1. **provision be made for area municipal councils to select the implementation mechanisms, level of assistance and duration of assistance, as they see fit for the purpose of implementing property tax increases and decreases resulting from the implementation of Section 63 market value reassessment in Metropolitan Toronto.**

3.4 Additional Assistance for Hardship Cases

Tax relief provided under Section 362 offers assistance to taxpayers experiencing increases beyond an identified level. Assistance is targetted for taxpayers by class without specific regard to the hardships experienced by individual taxpayers as a result of reassessment. Those individuals whose tax increases, in spite of assistance provided under Section 362, still represent financial hardship could receive additional assistance under Section 363.

The Sub-Committee did not consider Section 363 as the most effective vehicle available for providing assistance to all taxpayers experiencing increases. However, Section 363 would best offer the additional relief required by some taxpayers (who satisfy some established criteria) to help them further reduce the amount of tax increases not offset by the relief featured under Section 362.

It is therefore recommended that:

2. **area municipalities provide individual taxpayers who demonstrate financial hardship after receiving assistance available under Section 362 of the Municipal Act (see recommendation #1), with additional relief as featured under Section 363 of the Municipal Act.**

APPENDIX A

COMPARATIVE ANALYSIS FOR TAX ASSISTANCE BY PROPERTY CLASS ($000's) - TORONTO

	RES 1 & 2	RES +3	RES +7	RES TOTAL	COM	IND	COM-IND TOTAL
VALUE OF ALL INCREASES GREATER THAN							
10%	22,431	2,584	13,407	38,422	149,315	14,944	164,259
15%	18,280	2,234	11,894	32,408	139,002	14,279	153,281
20%	14,702	1,923	10,549	26,974	129,355	13,653	143,008
25%	11,831	1,653	9,791	23,275	120,262	13,076	133,338
VALUE OF ALL DECREASES GREATER THAN							
10%	8,059	1,121	2,231	11,411	74,291	7,506	81,797
15%	5,820	834	1,360	8,014	58,942	5,805	64,747
20%	4,190	596	1,022	5,808	45,980	4,255	50,235
25%	3,041	413	766	4,220	35,184	3,001	38,185

COMPARATIVE ANALYSIS FOR TAX ASSISTANCE BY PROPERTY CLASS ($000's) - NORTH YORK

	RES 1 & 2	RES +3	RES +7	RES TOTAL	COM	IND	COM-IND TOTAL
VALUE OF ALL INCREASES GREATER THAN							
10%	33,802	115	3,672	37,589	5,908	5,734	11,642
15%	32,373	98	2,998	35,469	3,489	5,324	8,813
20%	31,324	82	2,540	33,946	1,288	4,970	6,258
25%	30,572	73	2,184	32,829	8	4,651	4,659
VALUE OF ALL DECREASES GREATER THAN							
10%	37,893	169	4,869	42,931	11,518	5,689	17,207
15%	32,402	116	2,831	35,349	6,906	3,413	10,319
20%	26,911	78	1,604	28,593	2,403	1,671	4,074
25%	21,420	54	1,010	22,484	443	427	870

COMPARATIVE ANALYSIS FOR TAX ASSISTANCE BY PROPERTY CLASS ($000's) - ETOBICOKE

	RES 1 & 2	RES +3	RES +7	RES TOTAL	COM	IND	COM-IND TOTAL
VALUE OF ALL INCREASES GREATER THAN							
10%	2,232	151	1,770	4,153	12,446	5,133	17,579
15%	1,711	121	1,472	3,304	11,422	4,860	16,282
20%	1,356	101	1,221	2,678	10,557	4,645	15,202
25%	1,109	84	1,052	2,245	9,793	4,566	14,359
VALUE OF ALL DECREASES GREATER THAN							
10%	6,223	285	2,896	9,404	17,252	7,043	24,295
15%	3,631	194	1,664	5,489	18,697	4,987	23,684
20%	1,954	122	813	2,889	10,185	3,417	13,602
25%	980	68	340	1,388	7,279	2,340	9,619

COMPARATIVE ANALYSIS FOR TAX ASSISTANCE BY PROPERTY CLASS ($000's) - SCARBOROUGH

	RES 1 & 2	RES +3	RES +7	RES TOTAL	COM	IND	COM-IND TOTAL
VALUE OF ALL INCREASES GREATER THAN							
10%	3,823	62	2,423	6,308	15,271	7,210	22,481
15%	3,297	53	1,986	5,336	14,014	6,936	20,950
20%	2,940	45	1,640	4,625	12,908	6,695	19,603
25%	2,684	38	1,434	4,156	11,935	6,490	18,425
VALUE OF ALL DECREASES GREATER THAN							
10%	4,098	67	2,995	7,160	16,774	6,026	22,800
15%	1,681	48	1,681	3,410	13,559	4,168	17,727
20%	666	32	737	1,435	10,528	2,727	13,255
25%	338	20	231	589	7,788	1,571	9,359

COMPARATIVE ANALYSIS FOR TAX ASSISTANCE BY PROPERTY CLASS ($000's) - YORK

	RES 1 & 2	RES +3	RES +7	RES TOTAL	COM	IND	COM-IND TOTAL
VALUE OF ALL INCREASES GREATER THAN							
10%	746	199	586	1,531	1,460	683	2,143
15%	514	161	506	1,181	1,290	606	3,308
20%	326	130	447	903	1,150	541	1,691
25%	266	104	394	764	1,027	486	1,513
VALUE OF ALL DECREASES GREATER THAN							
10%	2,342	332	1,042	3,716	2,143	962	3,105
15%	1,497	217	849	2,563	1,653	564	4,154
20%	908	128	267	1,303	1,217	289	1,506
25%	538	68	109	715	848	80	928

COMPARATIVE ANALYSIS FOR TAX ASSISTANCE BY PROPERTY CLASS ($000's) - EAST YORK

	RES 1 & 2	RES +3	RES +7	RES TOTAL	COM	IND	COM-IND TOTAL
VALUE OF ALL INCREASES GREATER THAN							
10%	384	37	680	1,101	1,428	735	2,163
15%	352	30	588	970	1,294	665	1,959
20%	438	25	514	977	1,174	609	1,783
25%	326	18	452	796	1,071	563	1,634
VALUE OF ALL DECREASES GREATER THAN							
10%	2,163	69	1,174	3,406	1,992	1,177	3,169
15%	1,358	50	576	1,984	1,612	806	2,418
20%	779	32	249	1,060	1,271	482	1,753
25%	413	19	119	551	961	263	1,224